Verizon New York received § 271 authorization. Verizon MA proposed that its PAP take effect when it enters the long distance market in Massachusetts.

Following submission of reply comments, the Department issued the *PAP Order* and directed Verizon MA to submit a Massachusetts PAP in compliance with the Department's findings. Verizon MA submitted its compliance filing on September 15, 2000; the Department approved the compliance filing on September 22, 2000.

On September 25, 2000, Rhythms filed a Motion for Reconsideration of the *PAP Order*, and on September 28, 2000, AT&T filed a Motion seeking clarification and reconsideration of aspects of the *PAP Order* and the order approving Verizon MA's compliance filing. In this reply, Verizon MA first addresses AT&T's motions and then discusses Rhythm's motion.

II. STANDARD OF REVIEW

Although the Department has solicited comments on the motions, AT&T correctly acknowledges in its motions that the Department's review of the issues relating to Verizon MA's Section 271 filing is not an adjudicatory proceeding and "that the Department may lawfully ignore" AT&T's motions (AT&T Motion at 2). Because this is a non-adjudicatory proceeding, the Department's standards for reconsideration and clarification would be the *minimum* standard that should be applied to change, alter or clarify the Department's decisions. However, those standards are instructive and can provide a useful context for evaluating the arguments contained in the motions.

The Department's standard for reviewing a motion for reconsideration is well established. Reconsideration of previously decided issues is granted only when extraordinary circumstances dictate that the Department take a fresh look at the record for the purpose of modifying a decision reached after review and deliberation. *Consolidated Arbitrations*, Phase 4-M, at 5 (1999), citing *North Attleboro Gas Company*, D.P.U. 94-130-B, at 2 (1995); *Boston Edison Company*, D.P.U. 90-270-A, at 2-3 (1991); *Western Massachusetts Electric Company*, D.P.U. 558-A, at 2 (1987). A motion for reconsideration should bring to light previously unknown or undisclosed facts that would have a significant impact upon the decision already rendered. It should not attempt to reargue issues considered and decided in the main case. *Consolidated Arbitrations*, Phase 4-M, at 5 (1999), citing *Commonwealth Electric Company*, D.P.U. 92-3C-1A, at 3-6 (1995); *Boston Edison Company*, D.P.U. 90-270-A, at 3 (1991); *Boston Edison Company*, D.P.U. 1350-A, at 4 (1983). In the alternative, a motion for reconsideration may be appropriate upon a showing that the Department's disposition of an issue was the product of mistake or inadvertence. *Consolidated Arbitrations*, Phase 4-M, at 5 (1999), citing *Massachusetts Electric Company*, D.P.U. 90-261-B at 7 (1991); *New England Telephone and Telegraph Company*, D.P.U. 86-33-J, at 2 (1989); *Boston Edison Company*, D.P.U. 1350-A, at 5 (1983).

Clarification of previously issued orders may be granted only when an order: (a) is silent as to the disposition of a specific issue requiring determination in the order; or (b) contains language that is so ambiguous as to leave doubt as to its meaning. Boston Gas Company, D.P.U. 96-50-C (Phase I), at 14 (1997); Boston Edison Company, D.P.U. 92-1A-B, at 4 (1993). Clarification does not involve reexamining the record for the purpose of substantively modifying a decision. Boston Gas Company, supra; Boston Edison Company, D.P.U. 90-335-A, at 3 (1992).

III. DISCUSSION

A. Verizon MA's September 15th PAP Filing Complies with the Department's *PAP Order*.

AT&T's opening claim is that Verizon MA's compliance filing ignored key portions of the *PAP Order* and accordingly, the Department should at a minimum require that the PAP be revised to comply with the Department's rulings. (AT&T Motion, at 6) AT&T's allegations of non-compliance are without merit and should be rejected by the Department.

1. <u>Verizon MA's Compliance Filing Properly Complied With the Department's Requirement To Follow the Performance Benchmarks Adopted in New York</u>

AT&T maintains that the Verizon MA compliance filing did not properly comport with the Department's directives in the *PAP Order* to follow the performance benchmarks established in New York (AT&T Motion, at 6-7). AT&T points to the "Special Provisions" portions of the Massachusetts PAP and argues that the PAP does not provide for monetary incentives for failure to meet the benchmarks provided in the New York Carrier to Carrier ("C2C") performance standards (*id.*). AT&T has misconstrued the terms of the *PAP Order*, and its argument should be rejected.

Both the New York PAP and the Massachusetts PAP have three basic elements: (1) Mode of Entry ("MOE"); (2) Critical Measures; and (3) Special Provisions. *PAP Order*, at 5. The MOE and Critical Measures (in New York and Massachusetts) use the performance benchmarks contained in the C2C Guidelines as the basis for gauging performance. The Special Provisions were designed in New York to take certain performance measurements and establish additional, substantial bill credits if

Guidelines and consequently the benchmarks for the MOE and Critical Measures. The Special Provisions performance benchmarks established in the Massachusetts PAP are identical to those established in the New York PAP.

For example, many of the performance metrics for the MOE and Critical Measures require a 95 percent on-time performance, consistent with the C2C Guidelines (*see* Massachusetts PAP, Appendix C, at Table C-1-1). Bill credits are imposed when performance falls below that level. As with the New York PAP, the Special Provisions benchmarks for the Massachusetts PAP are set at lower levels of performance (*e.g.*, 90 percent), at which point significantly larger bill credits begin to accrue (Massachusetts PAP, Appendix H). This ensures that there will be a large monetary incentive for Verizon MA to avoid a major reduction in service quality for selected metrics. That was the purpose of the Special Provisions in the New York PAP and is the purpose of the Special Provisions in the Massachusetts PAP.

The performance benchmarks contained in the Special Provisions portion of the New York PAP and the Massachusetts PAP are set at the same lower levels and not at the thresholds contained in the C2C Guidelines. The Massachusetts PAP complies in full with the Department's *PAP Order* because, where the performance benchmarks of the New York PAP are set at the C2C level (for the MOE and Critical Measures), the Massachusetts PAP compliance filing also incorporates those C2C benchmarks. AT&T's argument is based on the benchmarks for Special Provisions. In both the New York PAP and the Massachusetts PAP the benchmarks for Special Provisions are set at levels different from the C2C levels, however, in accordance with the *PAP Order*, they are set at exactly the same level in New York and Massachusetts. Accordingly, AT&T's objections are misplaced and no reconsideration is appropriate.

2. The Statistical Scoring and Bill-Credit Methodology for the Massachusetts PAP Is Intended To Be Identical to the New York PAP

AT&T argues that a footnote in the Massachusetts PAP compliance filing deviates from the statistical scoring and bill-credit methodology used in the New York PAP (AT&T Motion, at 7-9, citing Massachusetts PAP, at 9, n.3). That footnote establishes scoring rules for months in which there is no activity for a particular metric following a month in which Verizon MA fails to meet a parity standard.[3]

AT&T is correct that this footnote is not included in the final New York PAP. It had been proposed by Verizon NY in the negotiations leading up to the submission and approval of the New York PAP, and was inadvertently carried forward to the draft of the Massachusetts PAP. Attachment A to this Response contains a corrected page, which deletes the footnote. *See* Attachment A, Section II.C.1.

3. Verizon MA Has Properly Narrowed the Waiver Provisions in the Massachusetts PAP as Required by the *PAP Order*

The *PAP Order* considered a provision in Verizon MA's initial proposal for a Massachusetts PAP that deals with its ability to request a waiver based on "unusual" or "inappropriate" behavior by a CLEC that could negatively influence Verizon MA's performance on a metric. *PAP Order*, at 31. The Department, noting that the FCC had

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[3] The footnote reads in full, as follows:

> If there is no activity in the month after a –1 score is recorded that month will be excluded from the determination whether a –1 is converted to a 0 score and the following months in which there is activity will be used to make this determination.

(footnote continued)

given the similar provision in the New York PAP a "less than solid endorsement," directed Verizon MA either to strike the provision or to define the provision more narrowly in its compliance filing. *Id.* The Massachusetts PAP compliance filing includes five narrowly defined examples of such behavior (Massachusetts PAP, at 20). AT&T claims that Verizon MA has failed to comply with the Department's directive (AT&T Motion, at 9-10).

AT&T does not dispute that the examples enumerated in the Massachusetts PAP could justify a waiver, but complains only that the list does not provide for a more narrowly defined provision (*id.*, at 10). Verizon MA has made a good-faith attempt to comply with the Department's directive on this issue and by approving the compliance filing, the Department agrees. The waiver provision places the burden on Verizon MA to demonstrate "clearly and convincingly" that the waiver is justified (Massachusetts PAP, at 21), and the examples give tangible context to the Department's review of any petition for a waiver. Verizon MA has complied fully with the *PAP Order*, and AT&T has failed to allege any extraordinary circumstances that would require the Department to reconsider this issue.

4. The Change Control Assurance Plan ("CCAP") for the Massachusetts PAP Complies with the *PAP Order*

The Massachusetts PAP includes benchmarks for Verizon MA's performance relating to the Change Control Process for CLECs operating in Massachusetts. The *PAP Order* rejected the CCAP in Verizon MA's initial PAP proposal and directed Verizon MA

(footnote continued)

If there is no activity for three months in a row after a –1 score has been recorded, the –1 will be converted into a 0 score.

to create a separate CCAP fund, modeled after the CCAP contained in the New York PAP. *PAP Order*, at 34-35. The Massachusetts PAP incorporated the New York CCAP by reference, attaching it as Appendix I to the Massachusetts PAP compliance filing, and indicated that the amount at risk would be $5.28 million, as directed by the Department (Massachusetts PAP, at 15).

AT&T argues that Appendix I is "the exact CCAP that it had submitted in New York" (which it is) and that incorporating the New York CCAP by reference is somehow not in compliance with the *PAP Order* (AT&T Motion, at 10-11). Although Verizon MA does not understand AT&T's professed confusion on this issue, it has included in Attachment A of this Response a reformatted Appendix I to the PAP, with Massachusetts references (instead of New York references) and the approved levels of dollars at risk.

B. There Are No Material Differences Between the New York PAP and the Massachusetts PAP.

AT&T argues that Verizon MA misled the Department with regard to the differences between the New York PAP and the PAP proposed by Verizon MA and that material differences exist between the two plans (AT&T Motion, at 11-13). AT&T claims that because the Department relied on Verizon MA's representation in approving various uncontested elements of the plan, the Department should reconsider its *PAP Order* (*id.*, at 11-20). As described below, Verizon MA did not misrepresent the differences between the two plans, and they do not differ in any material way.

When it filed its original PAP proposal, Verizon MA indicated that the Massachusetts PAP was "structured and based on the New York PAP...and includes only a select few differences to reflect Massachusetts-specific conditions and to provide additional incentives to provide excellent service" (April 25 PAP Proposal, at 7-8, as cited by AT&T Motion, at 11). The "highlights" of those differences identified *material* differences to assist the Department and participants in evaluating important distinctions. There was no representation that the highlighted differences were intended to catalogue every immaterial language difference. The differences cited by AT&T in support of its position prove that point.

The first difference cited by AT&T is the provision contained in Appendix D that states: "If the performance for the CLEC is better than Verizon MA's performance *or the sample size is less than 10*, no statistical analysis is required" (AT&T Motion, at 13-14, citing Massachusetts PAP, Appendix D, at 2 (emphasis added)). The exclusion of sample sizes less than ten is not material (since if there is a small number of activities, the overall impact to the plan is extremely small) and was included to mirror the Department's orders in the *Consolidated Arbitrations*, which exclude such small sample sizes. *Consolidated Arbitrations*, *Phase 3B Order*, at 33-34. This minor difference was evident in Verizon MA's initial PAP proposal and hardly provides a basis for the Department to reconsider the *PAP Order*. However, to eliminate this as an issue, Verizon MA has eliminated from the revised PAP attached to this Response the reference to the minimum sample size. *See* Attachment A, Appendix D at 2.

The second "difference" cited by AT&T is the claim that the Massachusetts PAP, unlike the New York PAP, does not permit the Department "to reallocate the monthly bill credits between and among any provisions of the Plan and the Change Control Assurance Plan (AT&T Motion, at 14-15). AT&T is in error. The Massachusetts PAP contains the identical provision. *See*, Massachusetts PAP, Appendix I, at 2. To make this clear, Verizon MA has added this provision to the PAP. *See* Attachment A, section II.B.2.

AT&T next complains that the Massachusetts PAP does not contain an express provision that will have Verizon MA pay a bill credit to a CLEC in cash if the CLEC goes out of business (AT&T Motion, at 15-16, comparing New York PAP, at 16, to Massachusetts PAP at 19). It should be noted that the cited section of the Massachusetts PAP (relating to the payment of bill credits) had to be completely rewritten for Massachusetts to coordinate the PAP credits with the credits available in accordance with the *Consolidated Arbitrations*. In rewriting the section, the express provision regarding a final bill was omitted. As AT&T realizes, it is common commercial practice, for any outstanding credits to be paid in cash after a final bill is rendered, and Verizon MA will, of course, follow this practice. This "difference" in language is trivial and has no impact on the substance of the two plans. To address any concerns, Verizon MA has revised the PAP attached to this Response to clarify the issue. *See* Attachment A, Section II.H.

AT&T argues that Verizon MA failed to inform the Department that the Massachusetts PAP does not contain the $24 million in credits included in the Special Provisions in the New York PAP for measures relating to Electronic Data Interface ("EDI") (AT&T Motion, at 16-17). As recognized by AT&T (*id.*), the EDI provisions were added to the New York PAP after the approval of the initial PAP and entry into the long-distance market to address a specific performance problem encountered in New York. As in the New York PAP, the Massachusetts PAP expressly permits the Department to make modifications or additions to the Massachusetts PAP if similar problems were to be encountered in Massachusetts (Massachusetts PAP, at 22). The Massachusetts PAP was designed in accordance with the provisions of the New York PAP that was approved when Verizon NY was granted entry into the long-distance market.

It is neither appropriate nor necessary to incorporate into the Massachusetts PAP, subsequent, temporary changes made to the New York PAP to address transient situations.[4] Indeed, in the *PAP Order*, the Department discussed the New York PSC's use of the Special Provisions to address the OSS-related problems in New York as an example of how specific performance issues could be addressed through this mechanism. *PAP Order*, at 23 fn. 16. The Department did not direct that Verizon MA add this to its plan. Accordingly, AT&T has offered no reason for reconsideration on this issue.

AT&T also contends that the Massachusetts PAP eliminated the Resale flow-through metrics that were included in the Special Provisions section of the New York PAP (AT&T Motion, at 17). As AT&T is aware, the Special Provisions in New York were not intended to include Resale flow-through metrics, only UNE flow-through metrics. The Resale flow-through metrics were erroneously included in the New York PAP, have never been applied, and Verizon NY has filed corrected pages of the New York PAP with the New York Public Service Commission. Again, there is no difference between the Massachusetts PAP and the New York PAP.

Finally, AT&T contends that the Domain Clustering Rule in the Massachusetts PAP (Massachusetts PAP, Appendix E, at 2-3) differs from the Domain Clustering Rule adopted in the New York PAP (AT&T Motion, at 17-19).[5] The language included in Appendix E of the Massachusetts PAP reflects language that had been included in an earlier version of the

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4 If the Department had incorporated additional metrics in the Massachusetts PAP at the outset, the level of bill credits would need to be readjusted to reflect the total dollars at risk, as approved by the Department.

5 The Domain Clustering Rule provides for larger MOE bill credits if there is relatively poorer performance measured in any one of the four key service domains: Pre-Order, Ordering, Provisioning and Maintenance.

New York PAP, which has since changed. The superceded language was inadvertently included in the Massachusetts PAP. Attachment A contains a revised Appendix E to the PAP with the Domain Clustering Rule that is currently in effect in the New York PAP. *See* Attachment A, Appendix E at 2-3.

C. The Massachusetts PAP Provides for a Reasonable Level of Monetary Remedies and Reconsideration of the *PAP Order* Is Not Appropriate.

As an additional reconsideration issue, AT&T reargues its position that the total overall level of the billing credits at risk under the Massachusetts PAP is inadequate (AT&T Motion, at 25-27). AT&T asks the Department to reconsider its decision to impose the higher of the credits available under (1) the performance plan adopted in the *Consolidated Arbitrations* and (2) the Massachusetts PAP (*id.*). AT&T's request for reconsideration is without merit and should be rejected.

AT&T has pointed to no extraordinary circumstance, undisclosed or unknown fact, or inadvertent error that could justify reconsideration of this issue. AT&T simply reargues issues that were decided in the *PAP Order.* The *PAP Order* thoroughly considered the issue of the relationship between the payments made under the *Consolidated Arbitrations* and the Massachusetts PAP in deciding this issue. *PAP Order*, at 29-30. The Department explained that the standards and credits in the *Consolidated Arbitrations* were more "generic and comprehensive" than those found in New York interconnection agreements, which are "more limited" than those in Massachusetts.[6] The

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[6] AT&T grossly exaggerates the extent of contract performance remedies in New York. In fact, AT&T is one of only a few CLECs in New York with an interconnection agreement that includes monetary credits that approach levels comparable to those in the *Consolidated Arbitrations*. For the first half of 2000, excluding AT&T, only two CLECs in New York received performance credits under interconnection agreements; the total of which was approximately $15,000. In Massachusetts, the Consolidated Arbitrations plan covers more than 30 CLECs and 19 were paid credits exceeding $2.1

Department cited and considered the FCC's findings in the New York and Texas decisions, and properly rejected as "double counting" and "unfair" the implementation of additive credits computed in accordance with both the *Consolidated Arbitrations* and the Massachusetts PAP. *Id.* This issue was considered fully and decided by the Department. There are no grounds for reconsideration.

D. No Clarification of the *PAP Order* Is Warranted or Appropriate.

AT&T requests clarification of several aspects of the *PAP Order* (AT&T Motion, at 20-25). As described below, there is no ambiguity with respect to any of the issues raised by AT&T, and the request for clarification should be denied.

The first issue for which AT&T seeks clarification concerns when an administrative proceeding on performance would be "triggered" in the event that payments meet the monetary cap on billing credits (*id.*, at 20-22). The *PAP Order* is clear that the procedural trigger is met when "Verizon's performance results in payments that reach (or would have exceeded) the monetary cap." *PAP Order*, at 25. There is only one monetary cap established by the Department: $142 million. *Id.*, at 20. Since this cap was established in the paragraph immediately preceding the discussion of the procedural trigger, there can be no doubt about what "monetary cap" was being referred to by the Department. Accordingly, there is no clarification necessary, and AT&T's

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(footnote continued)

Million for the first half of 2000. As the Department correctly recognized in the *PAP Order*, many of the *Consolidated Arbitrations* measures cover the same activities as the PAP and requiring Verizon to pay under both performance schemes would result in double counting. Indeed, since the C2C metrics cover services provided under interconnection agreements, as well as under tariff, and those metrics are the basis for the PAP, the same activities are being measured twice. Because of this factor and the magnitude of the *Consolidated Arbitrations* payments, the Department properly concluded that it would be unfair to Verizon MA to make the penalties cumulative and was not necessary to ensure continued good performance. *PAP Order*, at 30.

request is really a baseless attempt to seek a substantive change to the Department's order. The request should therefore be denied.[7]

The second request for clarification relates to the scope of the annual audit of Verizon MA's data and reporting under the Massachusetts PAP. AT&T argues that the Massachusetts PAP limits the inquiry into data-reliability issues to the first audit, which is to occur six months after entry into the long-distance market, and will not occur in subsequent audits (AT&T Motion, at 23). AT&T asks the Department to clarify that data-reliability be examined as part of subsequent audit (*id.*).

AT&T mischaracterizes the provisions of the Massachusetts PAP, which contains no such limitation on the scope of later audits, and merely indicates that the first audit *will* include an examination of data reliability. The Massachusetts PAP is silent on subsequent audits and, consistent with the Department's desire to maintain flexibility with regard to subsequent audits (*PAP Order*, at 33), it is premature and inappropriate to specify the scope of later reviews at this time. However, to eliminate any concerns, Verizon MA has included a revision in Attachment A to clarify the issue. *See* Attachment A, Section II.K.3.

The final issue raised as a request for clarification, relates to the provision in the Massachusetts PAP that requires an annual review "to determine whether any modifications or additions should be made" (Massachusetts PAP, at 22). AT&T states that the provision limits participation in the review to the Department and Verizon MA,

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7 The Department was also clear that the procedural trigger was not the only instance in which it could investigate performance issues. *Id.*, at 25, n. 20 ("[o]f course, the Department retains the discretion to investigate extraordinary wholesale service performance issues and to take appropriate corrective action...").

ant that CLECs and the Attorney General should be permitted to participate in the review process (AT&T Motion, at 24). Again, AT&T mischaracterizes the language to imply that it limits the Department's discretion to establish reasonable procedures to conduct its inquiry. The Massachusetts PAP does not attempt to constrain the Department's ability to adopt reasonable procedures, or to permit participation of other entities. As with the process established by the Department to review Verizon MA's Section 271 application, the Department will determine procedures for the review at the time, and it would be premature and inappropriate to delineate the manner of such participation at this time. Accordingly, no clarification is required.

E. Rhythms' Motion for Reconsideration.

Rhythm's motion for reconsideration addresses a single issue, *i.e.*, the adoption of additional metrics relating to DSL services. Rhythms claims that the New York C2C metrics do not adequately measure DSL performance and that additional metrics are needed, including a new MOE category and additional Critical Measures (Rhythms Motion, at 1-2).

The Rhythms motion substantially reargues positions it took in comments filed earlier in this proceeding, which were not adopted by the Department. The motion repeats previous arguments and cites its earlier comments. *See, e.g.*, Rhythms Motion, at 1, 2, 9, 13 and 14. In essence, Rhythms acknowledges that the Massachusetts PAP, like the New York PAP, includes four metrics relating to DSL, but contends that more are necessary (*id.*, at 7-8).

Even if it may be appropriate to add more DSL-specific metrics in the future, the Department has properly anticipated this possibility and established an efficient way to

Commission is currently considering changes to the New York PAP, including additional metrics for DSL services (*id.*). As stated by the Department, it will:

> incorporate into the Massachusetts PAP, whatever new metrics, if any, the [New York Public Service Commission] adopts for the New York PAP. This will maintain consistency between the Plans and will allow the Department, Verizon and Massachusetts carriers to continue to benefit from the [New York Public Service Commission's] expertise on this issue, without duplicating that effort.

PAP Order, at 26. Thus, to the extent that it may be appropriate to add DSL metrics, the matter will be addressed first in New York, with any changes incorporated into the Massachusetts PAP[8].

Accordingly, Rhythms' motion reargues an issue already properly considered and decided by the Department and should be denied.

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8 One other change has been included in the PAP provided in Attachment A. Verizon MA has added a provision that requires any changes to the New York PAP be submitted for inclusion in Massachusetts. *See* Attachment A, Section II.K.2.

IV. CONCLUSION

For the reasons set forth above, the Department should deny the motions of AT&T and Rhythms.

Respectfully submitted,

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Dated: October 27, 2000

PERFORMANCE ASSURANCE PLAN

VERIZON MASSACHUSETTS

October 27, 2000

TABLE OF CONTENTS

PAGE

APPENDICES TO PERFORMANCE ASSURANCE PLAN

PERFORMANCE ASSURANCE PLAN

I. INTRODUCTION

The Massachusetts Performance Assurance Plan ("Massachusetts PAP") is a self-executing remedy plan that will ensure Verizon Massachusetts ("Verizon MA") provides quality wholesale services to competitive carriers after Verizon MA has gained entry into the long distance market pursuant to Section 271 of the Telecommunications Act of 1996. The Massachusetts PAP is in compliance with an Order issued by the Massachusetts Department of Telecommunications and Energy ("Department") on September 5, 2000. The Change Control Assurance Plan ("CCAP") contained in Appendix I is also in compliance with the September 5, 2000 Order.

A. The Massachusetts PAP

The Massachusetts PAP has three major components: (1) the metrics used to report performance; (2) the methodology used to determine billing credits, including service segmentation, scoring method, and other rules described in the plan document; and (3) the dollars at risk. Each of these components is summarized below and is discussed in more detail in the following sections and Appendices.

1. Measures and Standards

On January 14, 2000, the Department adopted the New York C2C Performance Measurement Plan for evaluating Verizon MA's wholesale performance. The C2C measures include hundreds of individual data points that track and report on performance. Some metrics are compared with analogous Verizon retail services to ensure parity of service and others, where no retail analog exists, are reviewed on the basis of absolute standards. As in New York, where the C2C measures and standards were incorporated into the PAP, the Massachusetts PAP incorporates the same C2C measures and standards.

2. Methodology

(a) Service Segmentation

The Massachusetts PAP includes three service segmentations: Mode of Entry ("MOE"), Critical Measures, and Special Provisions.

The MOE segment measures the overall level of service on an industry-wide basis for each method or mode by which carriers can enter the local exchange market under the Telecommunications Act of 1996, *i.e.* resale, unbundled network elements, interconnection trunks and collocation. Any bill credits generated in any one of these modes are allocated to competitors purchasing those types of services. The MOE component of the Massachusetts PAP is fully described in Section II.C. and in Appendices A and E.

The Critical Measures component measures performance in 12 critical areas that have been identified as most important to the provision of quality service. The Critical Measures are a subset of the measures included in the MOE segment. Additional bill credits will be provided for performance on these measures that fail to meet the standards. This segment provides a mechanism to assure that carriers are receiving non-discriminatory service on an individual basis. The complete list of Critical Measures is enumerated in Appendix B and scoring/credit calculations are in Appendix F.

The Special Provisions segment focuses on a number of measures that are viewed as measuring key aspects of Verizon MA's performance. This segment establishes targets that Verizon MA must achieve for flow-through, order processing, hot-cuts, Local Service Request confirmations, and reject notices. Verizon MA will provide bill credits to those carriers who received service below target levels. The Special Provisions measures are described in Section II.E. and Appendix H.

(b) Change Control Assurance

Verizon is also subject to a separate Change Control Assurance Plan ("CCAP"). Change Control is designed to measure Verizon's performance in implementing revisions to OSS interfaces and business rules that affect CLECs. The Change Control process is common to carriers operating in Massachusetts and New York. Under the Change Control Assurance Plan, $5.28 million in bill credits will be available to all CLECs in Massachusetts for unsatisfactory performance on four Change Control metrics. Change Control credits are described in Section II. B.2.

(c) Statistical Test

The Massachusetts PAP uses statistical methodologies as one means to determine if "parity" exists between Verizon MA's wholesale and retail performance. For measures where parity is the standard and a sufficient sample size exists, a "modified z statistic" is used. The statistical methodology is described in Appendix D.

(d) Scoring

Each of the measures within the MOE segment is graded with a 0, -1, or -2 based on the statistical analysis and the magnitude of the its z-statistic for the month. The performance score for each metric is then weighted. These weights were developed to reflect the importance of that metric in determining that markets are open to competition. Critical Measures performance is scored against sliding scales based on the statistical score and the magnitude of the difference between wholesale service and the applicable standards. Special Provisions are scored against absolute standards of performance. Each of the scoring, weighting, and credit distribution processes is contained in Appendices A, B, C, E, and F.

(e) Self-executing aspects

Verizon MA will report its performance on the Massachusetts PAP on a monthly basis. Within 30 days of the close of the second month after the month in which performance is being reviewed, PAP credits will be processed for each CLEC. However, if a CLEC has received credits under the *Consolidated Arbitrations* for the same quarter, in an amount greater than credits due under the PAP, no additional credit will be made. See Section II. H. for further explanation. The Massachusetts PAP will go into effect coincident with Verizon's entry into the long distance market in Massachusetts.

3. Dollars at Risk

The structure of the Massachusetts PAP includes three credit categories: Mode of Entry, Critical Measures, and Special Provisions. Each category has a Massachusetts-specific credit schedule and cap which are presented in greater detail in the Appendices. The Massachusetts PAP contains a maximum dollar amount at risk. The total cap for Verizon MA is $147.28 million which is made up of a Massachusetts PAP cap of $142M and a CCAP cap of $5.28 Million. The distribution of dollars is as follows:

	Dollars at Risk (millions)
Mode of Entry	$41.20
Doubling of MOE	$41.20
Critical Measures	$41.20
Special Provisions	
Flow Through	$5.40
Hot Cut Performance	$13.00
PAP Total	$142.00
CCAP	$5.28
Verizon Total	$147.28

Conditions for doubling of the MOE dollars at risk are explained fully in Section II.C.2. In addition, there is an additional category for Special Provisions associated with ordering that provides for an additional \$13.0M, paid from the MOE dollars at risk, if Verizon MA does not meet service standards and has not reached the cap level for MOE. If Verizon MA's performance results in payments that reach the monetary cap, the Department, at its discretion, may open a proceeding to resolve the underlying service problem.

4. Accurate Reporting of Data

The validation of Verizon MA's performance reporting was included as part of the independent, third-party OSS testing conducted by KPMG. Going forward, the Massachusetts PAP reporting of results will be subject to an annual audit. The first audit will begin 6 months after long distance entry.

II. PROVISIONS OF THE PLAN

A. Measures, Methods of Analysis and Standards

1. Measures

The measures and standards in the Massachusetts PAP have been taken directly from the Guidelines for Carrier-to-Carrier (C2C) Performance Standards and Reports developed in New York Case 97-C-0139 and cover the areas of Pre-order, Ordering, Provisioning, Maintenance and Repair, Billing and Network Performance. On January 14, 2000, the Department adopted the New York C2C Performance Measurement Plan for evaluating Verizon MA's compliance with the requirements of Section 271 of the Telecommunications Act of 1996.

2. Methods of Analysis

Verizon MA will use two interrelated methods to monitor wholesale performance to CLECs on the performance measurements. The first method is designed to measure Verizon MA's overall Section 271 performance in four categories that correspond to the methods or modes CLECs use to enter the local exchange market: Resale; Unbundled Network Elements ("UNEs"); Interconnection (Trunks); and Collocation. This is referred to as the Mode of Entry ("MOE") Measurements method, and a total of $41.2 million in annual bill credits, with potential for doubling per the provisions in Section II.C.2, will be available to CLECs if Verizon MA provides the maximum allowable unsatisfactory performance in all four MOE categories. (*See* Appendix A.) The MOE measurements provide a mechanism to measure the overall level of Verizon MA's service to the entire CLEC industry in the four areas.

The second method, referred to as the Critical Measures measurements, measures Verizon MA's performance in 12 critical areas, on both a CLEC-specific and a CLEC-aggregate basis. The Critical Measures, which are a subset of the measures included in the MOE segment